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ABSTRACT

The movement for school finance reform at the State level has not been arrested. It had been thought that the Rodriguez case would stall reform. States have moved their reform efforts ahead before and after the Rodriguez decision, with conviction. The purpose of this publication is to document school finance legislation in 1973, State-by-State. Information for this report was gathered from telephone conversations with the States, from published State materials, and from the knowledge and expertise of the School Finance Study Unit. Major attention focused on changes in the level and methods of raising State and local school revenue, the basic State and local school revenue, and the basic State aid as well as categorical programs; property tax relief and/or reform changes; and the existence of any school finance study efforts in progress or recently completed. (Author)

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SUMMARY OF 1973 SCHOOL FINANCE LEGISLATIVE CHANGES

Steven Mintz

Pursuant to U.S. Office of Education
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[1973]

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FORWARD

The movement for school finance reform at the State level has not been arrested. It had been thought that the Rodriguez case would stall reform at two stages. First, States would be cautious in their reform efforts until a decision was rendered; and second, after the U.S. Supreme Court decision came down, reform would be retarded or virtually nil.

This prognosis proved wrong; one has but to look at the record (legislation) for 1973. States moved their reform efforts ahead, before and after the Rodriguez decision, with conviction.

The purpose of this publication is to document school finance legislation in 1973, state-by-state. Information for this report was gathered from telephone conversations with the States, from published State materials and from the knowledge and expertise of members of the School Finance Study Unit. Major attention was focused on changes in the level and methods of raising State and local school revenue; changes in the basic State aid as well as categorical programs; property tax relief and/or reform changes; and the existance of any school finance study efforts in progress or recently completed.

As this report was compiled in a rather short amount of time, it makes no claims as being totally accurate nor complete in content. It is hoped that, in the name of precision, readers of this document contact the School Finance Study Unit with more accurate information.

Appreciation is extended to Dr. Thomas L. Johns and to all the members of the U.S. Office of Education, School Finance Study Unit for their assistance. A special note of thanks is due to all the people in the States for their cooperation and to the State legislators who continued to work for school finance reform in 1973, and who are thereby, responsible for the content herein.

S.M.

ALABAMA

The 1973 appropriations act increased State aid to public schools for the 1973-75 biennium by $120 million. This represents a 25 percent increase in the funding level of the MFP and raises the State share of education expenditures to 65 percent. In addition, new legislation has passed which increases the State teacher salary schedule, with increases ranging from $1,000 to $1,760. Vocational education received an $8.5 million boost in its funding level for the biennium-- $3.5 million the first year and $5 million for the second.

The Alabama State Education Agency plans to conduct an extensive study of the State's school finance system. The intent is to utilize the findings gathered during the study to formulate recommendations for the 1975 Legislative Session.

Also see:

Alabama Education Association, ABC's of the Alabama Minimum Program. Montgomery, Alabama. 1972.

ALASKA

No major new legislative changes were forthcoming this session. However, the State did increase the amount of support by $4 million, or five percent above the last appropriation. This resulted primarily in a thousand dollar raise in the basic unit amount -- from $19,250 to $20,250.

The last substantial school finance study effort was completed in January 1970. The recommendations, several of which became law, were presented in the final report, Advisory Council on State Financial Support to Public Schools.

Also see:

Office of the Governor, Local Affairs Agency, Alaska Taxable Property Assessments and Full Value Determination (Annual). 1971.

ARIZONA

In May, 1973, the State legislature repealed the State aid school finance laws (basic foundation program, not categoricals) effective July 1, 1974. The present State aid program, thereby, is exactly the same as the previous year until the repeal date is reached. This necessitated the calling of a special session, to convene in mid-October, 1973, for the purpose of revising the State aid program. As of this writing the special session is still meeting with no action yet reported.

In the area of categorical programs, HB 2256 mandated each school district to provide by 1976-77 a special education program with supportive services for all handicapped children (except the emotionally handicapped). However, until such time as these programs become operational HB 2256 provides a $435,000 voucher program. Parents of handicapped children may receive vouchers equal to the State basic grant for the particular handicap. The voucher may be used at any approved school within the State.

Bilingual education is another categorical program to receive greater support. This year the funding level was increased from $100,000 to $400,000 for K-3.

The 1973 Arizona legislature enacted the initial phase of a multi-staged program to reduce reliance on the property tax and to moderate certain residential property tax increases. The bill, HB 2311, appropriated approximately $42 million, the entire amount of Arizona's general revenue sharing entitlement, to this property tax relief program. The provisions of HB 2311, however, have a duration of only one year as it was designed as a stop-gap measure until the special session considers the entire school finance issue. The bill also provides for a circuit-breaker which offers a sliding scale tax credit (on the State income tax for property taxes and rent paid) to persons sixty-five years or older with incomes to $3,500 for single persons and up to $5,000 for married couples.

ARKANSAS

The Legislature did not enact any major school finance reform legislation this session. However, the amount of State support was increased by $17 million, going from $112 million to $129 million. This represented a 15 percent rise in the support level. With the passage of Act 389 of 1973 the State aid formula was slightly modified in favor of rapid growth areas.

Arkansas took a significant step in the area of property taxation. In early February, the Governor signed into law a circuit-breaker program. The measure is administered through the State income tax. It provides a State income tax credit, or rebate, for homeowners 65 years or older. The amount of credit or rebate declines on a graduated scale as income rises to a ceiling of $5,500.

Also see:

Public Service Commission, Department of Assessment Coordination, Official Ratio Study, (Annual). 1972

CALIFORNIA

While technically not enacted in 1973, the new California law, (Senate Bill 90) is of sufficient magnitude and interest as to warrant national attention. Officially passed in December 1972, SB 90 provides an estimated $1.1 billion in the form of increased aid for public schools and for property tax relief during this fiscal year. The new school aid, amounting

to $432 million in 1973-74, raises the State share of the elementary and high school education bill in California from 34 percent in 1972-73 to an estimated 42 percent. Some $797 million is provided in the form of property tax relief by rolling back school tax rates in low-wealth/high tax burden districts, by increasing homeowners property tax exemptions, by providing renters tax relief in the form of a modest tax credit, and by increasing business inventory exemptions.

A one percent increase in the State sales tax is expected to recoup most of the revenue lost through the various property tax relief measures. State surpluses, Federal revenue sharing funds and a 1.4 percent increase in bank and corporation income tax rates will provide the balance of funds needed to finance the law's provisions.

Also see:

Senate Consultant Staff (Charles Benson, Director), Final Report to The Select Committee on School District Finance, Volume 1. Sacramento, California. June, 1972.

Betsy Levin, Michael A. Cohen, Thomas Muller, William J. Scanlon, Paying for Public Schools: Issues in School Finance in California. Washington, D.C.: The Urban Institute, 1973. $1.00.

COLORADO

The Colorado Public School Finance Act of 1973 (HB 1562) has been described as a variable level, resource equalization plan. The State equalization support is estimated to increase from $160.3 million in 1973 to approximately $294 million in 1974, or 83 percent. The total amount of State revenue support is expected to go from 31 percent to 51 percent.

Each school district is guaranteed $25 per pupil/per mill but no district would receive less than $8 per mill levied. Leveling up is provided for by establishing a variable level of support allowing greater revenue increases on a percentage basis for the lower revenue districts. High level spending districts are limited to a maximum of a seven percent increase in the authorized revenue base. No district will receive a save harmless guarantee.

In addition, HB 1164 increased the funding level for the Handicapped Children's Education Act from $11.7 million to $16.3 million. Also, HB 1466 provided an increase in the allocation of State aid for transportation.

CONNECTICUT

Apart from minor adjustments in some State supported programs, no legislative changes took place in Connecticut. However, new circuit-breaker legislation was enacted which replaced an older 1965 law. The taxes or rent of homeowners and renters 65 years and over, exceeding 5 percent of income, are reduced on a sliding-scale as income approaches the $7,500 ceiling.

Also see:

Governor's Commission on Tax Reform, Local Government: Schools and Property, Volume 2. Hartford, Connecticut: State Tax Department (92 Farmington Avenue), December 1972. $1.00.

DELAWARE

The State Legislature in Delaware is providing an additional $500,000 in aid to school districts with per pupil assessed valuations below the State median.

This year also saw the completion and publication of a major school finance study made for the Delaware State Board of Education:

National Education Finance Project, Financing the Public Schools of Delaware. Gainesville, Florida. 1973.

Also see:

Department of Public Instruction, Assessments and Tax Rates: Delaware Public Schools 1973-74. Dover, Delaware. August 1973.

FLORIDA

The Florida Legislature passed a major school finance reform package, The Florida Education Finance Program Act of 1973, which included $130 million in increased State support for operating expenses and $89.5 million in capital outlay funding.

Under the new law the State guarantees $587 per full time equivalent student (FTE) with a required local chargeback or required effort of 6.2 mills. Cost differentials were established through the use of cost weightings applied to the guaranteed amount. Cost of living differentials were established statewide to adjust district funding levels. Above the basic support level guarantee, the local leeway on the eigth, ninth and tenth mills were equalized. (All districts would be guaranteed approximately $42 per mill per FTE.) In addition, Florida increased its support for capital outlays and transportation.

Also see:

The Governor's Citizens' Committee on Education, Improving Education in Florida, Tallahassee, Florida (Office of the Goyernor). March 1973.

Florida Cost of Living Research Study: Florida Counties Price Level Index (FPLI) for October 1972. A report to the Florida Legislature. Tallahassee, Florida. June 1973.

GEORGIA

The Georgia General Assembly has appropriated an increase of $104 million for the elementary and secondary education programs. This brings the total State appropriation for public education to $586 million.

This year, in Georgia, saw the passage of House Bill 57. The new law established a Special Assistance Fund for the purpose of equalization. This Fund is designed to equalize to the State average yield a local millage equal to the difference between the local MFP chargeback and up to 15 mills on 40 percent of equalized adjusted value of property. The appropriations act for fiscal year 1974, however, did not include sufficient funds for the full implementation of the law.

Another development is the recent progress Georgia is making in consolidating small assessment districts.

Also see:

The General Assembly, Report of the School Tax Revision Study Committee. Atlanta, Georgia. January 1973.

HAWAII

No legislative changes took place in Hawaii. It remains the only State to provide full State funding for elementary and secondary education.

IDAHO

In the closing days of the session the Senate passed (29-4) a $63.25 million appropriation, after it had earlier passed the House by a unanimous 66-0 vote. The appropriation represented an $11 million increase over the previous year's. $8 million of the new appropriation comes directly from Idaho's revenue sharing entitlement. The legislature included a letter of intent, sent to every school district, asking that the bulk of the $11 million increase in school funds go for cost-of-living salary increases for classroom teachers and all non-certified personnel. It asked for a five percent increase for the current fiscal year and five percent for the next. Also passed was a $6.1 million tax relief measure.

Also see:

State Superintendent of Public Instruction, Tabulation of Tax Levies For School Purposes: School Year 1972-1973. Boise, Idaho.

State Board of Education, Report Ad Hoc Committee on Public School Formula Funding and School District Organization. Boise, Idaho. November 1972.

ILLINOIS

With the passage of HB 3484, Illinois moved in a new direction in providing State assistance to elementary and secondary education by adopting a guaranteed valuation approach to equalization which guarantees $1260 in education resources for each child in ADA. This guarantee is made provided that a unit school district makes a tax effort of $3.00 per $100 of assessed valuation. There is no provision for recapture of yields in excess of the State guaranteed level. In addition, school districts are required to roll-back their operating tax rates by 1975. It is projected that Illinois must increase its State aid by $700 million to fully fund this program by 1977-78.

The "resource equalizer" also contains a variable weighting factor for disadvantaged pupils which ranges from .375 to .750. The weighting factor is adjusted according to the proportion of Title I eligible pupils in a district relative to the proportion of such children in the State.

In an effort to make the new formula more acceptable to rural districts operating at low tax rates, a compromise option was reached which enables districts to use either the former Strayer-Haig formula, or the new State aid formula -- which ever gives more assistance. It is anticipated, however, that most school districts will participate in the guaranteed valuation formula program.

The total FY 74 appropriation for elementary and secondary education was approximately $1.2 billion, a 12.2 percent increase over the last appropriation. The largest increase, 19.1 percent, occurred in the grants -in-aid program. $900 million has been appropriated for the State aid formula -- 12 percent more than last years Distributive Fund appropriation.

Also see:

Office of the Superintendent of Public Instruction, Final Report of the OSPI Legislative Program For the 78th General Assembly: Spring Session, January - June, 1973, Springfield, Illinois: Department of State Governmental Relation. August 1973.

Superintendent's Advisory Committee on School Finance, Final Report. Springfield, Illinois: Office of the Superintendent of Public Instruction (302 State Office Building). April 1973.

Governor's Commission on Schools, A New Design: Financing for Effective Education in Illinois, final report of the Finance Task Force. Springfield, Illinois. December 1972.

INDIANA

Additional State revenue was committed to elementary and secondary education in Indiana with the passage of Public Law 236. The bill provides for State aid to local public school corporations through a new flat grant starting at $36 per ADM in 1974 and rising to $74 in 1975. The basic grant of $445 (formula determined) remains the same, however, the supplemental grant of $230 (formula determined) will receive an additional $40 million. With an appropriation of about $10 million for the new flat grant the total State support will increase approximately $50 million.

In addition, Indiana this year adopted a circuit-breaker as part of a general overhaul of State and local taxes. The new measure relieves homeowners and renters, 65 years and older, from 75 percent of the property tax for incomes below $500, graduating to 10 percent for incomes between $4,000 and $5,000. Previously, Indiana's homestead exemption was financed locally but this new expanded law transferes the financing to the State.

Also see:

Phil Goddard, Constitutional Issues in School Finance. Indianapolis, Indiana: Indiana Legislative Council (301 State House). September 1972.

IOWA

Following conversion of the State's basic aid plan from percentage equalizing to a Strayer-Haig-Mort foundation plan, effective with the 1972-73 school year, there was little legislative activity affecting school finance in Iowa in 1973. Funding support for programs for handicapped children was improved in order to provide for the coverage of children not now enrolled in such programs. Total support for this program is expected to grow by about $2 million per year from $3.7 million in 1971-72 to a new total of approximately $10 million. Additional funding was also enacted for Career Education, K-14.

Also see:

School Budget Review Committee, Report to Sixty-Fifth General Assembly. Des Moines, Iowa (Grimes State Office Building). 1973.

KANSAS

Sub. S.B. 92, the School District Equalization Act, has been described as the most significant public school finance law ever enacted in Kansas. The Act (effective for the 1973-74 school year) increased general State and transportation aid by $81 million -- a 75 percent increase -- and raised the State share of the total school district general fund budget to about 48 percent compared to a 29 percent share in 1972-73.

The general State aid formula follows the "district power equalizing" approach with the exception of no State recapture of excess local tax yield. The State guarantees a per pupil operating budget of $728 (for districts of 1,300 and over enrollment) or $936 (for under 400 enrollment) if a district makes a tax effort of 1.5 percent on the value of property and taxable income. If the district budget is higher or lower than the guaranteed levels then a proportionately higher or lower district tax rate is charged back against the operating budget.

The Act contains no "save harmless" provision, and as a result 29 districts will receive no general aid and 24 will receive less than in 1972-73. Increased State aid and a 10 percent rebate of State income tax collections to school districts accounts for the estimated $53 million in local property tax relief.

KENTUCKY

There was no Legislative session in 1973.

Also see:

National Educational Finance Project, Financing the Public Schools of Kentucky. The Kentucky Department of Education. 1973.

LOUISIANA

No major school finance reforms were enacted in 1973. However, the State increased the amounts going to two categorical programs. The career education program received $8 million to implement a statewide effort. Significantly, special education (traditionally funded in Louisiana out of the general education appropriation) became a separate program with an appropriation of $3.9 million.

Louisiana has a School Finance Task Force that will issue a report this coming year.

MAINE

On June 22, 1973, Maine enacted one of the most significant school equalization reform acts ever to become law in this Nation. The law entitled, "An Act Equalizing the Financial Support of School Units" will substantially equalize expenditures for public elementary and secondary education including current outlays and debt service. The effective date of the new law is the 1974-75 school year when the State's regular tax sources and a State required property tax will share equally the cost in the initial year.

The Commissioner of Education will each year notify the State Tax Assessor of the current cost of the education program. He, in turn, will set the State property tax levy for the following year which will yield the required revenues. Thus, for 1973-74, the education program cost is estimated at $211,000,000. The property tax levy which will yield half this amount has been set at 14 mills at full valuation. This yield will constitute the local share required to finance the State guaranteed program cost. Local add-ons will be limited to 2.5 mills per year and will be power-equalized. For each of these mills, the State will guarantee $50 per pupil with any local yield above this amount reverting to the State Treasury.

The new law brought with it a companion piece of legislation which overhauled the local property tax administration. The Act established a new Bureau of Property Taxation. Among its duties will be the training and certification of assessors.

Also see:

The Full Funding of Education: An Idea Whose Time Has Come. A report prepared for the 106th Maine Legislature by the Maine Education Council. Augusta, Maine. January 1973.

MARYLAND

With the enactment of SB 807, the 1973 Maryland legislature modified the State aid formula. The changes were based largely on the recommendations of the Governor's Task Force on Financing Public Education. The State agreed to fully equalize a program requiring an expenditure of $610 per pupil (formerly $450 per pupil). The State also agreed to pay 55 percent (formerly 45 percent) of the statewide cost of such program with the district share varying in relation to wealth. (The State will pay about 55 percent of the $610 programs.) The new program will be phased-in over five years with the cost to the State increasing at the rate of approximately $21 million per year.

The 1973 Legislature passed HB 531 which makes property assessment more completely a State function. Assessors will be paid by, and work for the State under a merit system.

In the area of categoricals the Legislature established for the first time an early childhood education program funded in FY 74 at $649,000 as well as an apprenticeship program for vocational education students funded at $250,000.

Also see:

The Governor's Task Force on Financing Public Education, Report. Annapolis, Maryland. January 1973.

MASSACHUSETTS

No major legislative changes occurred this past session in Massachusetts.

Also see:

Massachusetts Educational Conference Board, Brief Amicus Curiae in Joseph Timilty et al v. Governor Francis W. Sargent. Boston, Massachusetts (20 Ashburton Place). January 1973. $1.00.

MICHIGAN

An important new school finance law, Act 101 of 1973, was enacted in Michigan in August 1973. Under this new law Michigan has abandoned its Strayer-Haig formula for the distribution of education aid and has moved to a guaranteed yield plan known as the Equal Yield Plan.

Starting with the 1973-74 school year, Michigan will guarantee a millage yield of $38 per pupil per mill for the first 22 mills levied by local school districts. This guarantee will rise by the 1975-76 year to $40 per pupil per mill on all local school millage with no maximum limit on which the yield guarantee applies. For the first time, local levies for capital outlays and debt service will be included in this guarantee starting with the 1974-75 school year. No recapture provision of local yields above a specified amount is included in the law.

The share of State support for public school education will remain unchanged at roughly 43 percent, but it is hoped that the manner in which this aid will be distributed will have an impact on school district expenditures and local tax rates.

Michigan also passed a far reaching circuit-breaker program. It provides for a State income tax credit or rebate on property taxes exceeding 3.5 percent of income for homeowners and renters. The elderly receive a 100 percent credit; others, 60 percent.

Also see:

Bureau of Programs and Budget, Governor Milliken, School Finance Reform in Michigan. Lansing, Michigan (Lewis Cass Building). April 1972.

MINNESOTA

The 1973 Legislature adopted a package which built upon major 1971 legislative action by escalating the fiscal equalizing process. For the 1973-74 school year, a school district may receive in foundation aid $788 per pupil unit (formerly $663) less the amount raised locally by 30 mills times the 1971 adjusted assessed valuation of property in the school district. For 1974-75 the foundation limit will increase to $820. Within these foundation limitations low-cost (per pupil units) districts are provided with more State aid and levying power while high-cost districts are restricted in their levying power.

In addition, increased weighting factors were approved when the concentration of AFDC pupils exceeds a certain percentage; levies for district financing of capital expenditures were held to uniform dollar amounts per pupil unit; the basic transportation levy was set, essentially to make each property taxpayer pay the same for transportation no matter where he resides; and, the circuit-breaker was expanded to homeowners and renters, 65 years and over, in the form of a rebate or income tax credit with an income ceiling of $6,000.

Also see:

Commissioner's School Finance Task Force, School Finance Task Force Report, a report to the State Board of Education. January 1973.

Betsy Levin, Thomas Muller, The Financing of Schools in Minnesota. Washington, D.C.: The Urban Institute. April 1973. $3.00.

MISSOURI

Missouri raised State school revenue in 1973 by $21 million or 3 percent. $5.5 million of the increase will go into the vocational education program and $6.5 million into a new special education program.

A new circuit-breaker was enacted in Missouri this year. It provides relief for homeowners and renters 65 years and older with an income ceiling of $7,000.

There is a study in progress in cooperation with the Legislature and Governor. No publication is planned at this time.

MISSISSIPPI

Mississippi substantially increased its level of State support by raising this years amount $30 million or 19 percent. Much of the increase was used to raise the teacher salary schedule as well as the level of teacher support services.

The Governor has appointed a committee to hold hearings on all education problems and make recommendations to the Legislature.

Also see:

The Governor's School Finance Study Group, Mississippi Public School Finance. Jackson, Mississippi. February 1973.

Division of Administration and Finance. Financing Mississippi Public Schools. Jackson, Mississippi: State Department of Education, revised 1973.

MONTANA

By the provisions of House Bill 428 enacted in March 1973, the State of Montana now requires all counties to levy a minimum school property tax of 40 mills of which 25 mills is for support of the foundation program in elementary school districts and 15 mills for high school districts. This new measure will result in a radical increase in school tax levies for some of the sparsely populated, mineral rich counties in the State where school tax rates rarely exceed 20 mills.

Under the new law, any revenue yields from the 40 mill levy above those required for the foundation program and transportation charges for the school districts in a county will be transferred to the State for support of its foundation program. Thus, for the first time in Montana, local school tax revenues become available for distribution outside of the area in which they are collected. The 40 mill property tax is expected to yield $40,000,000; preliminary estimates are that the State will recoup about $800,000 from eight of Montana's 56 counties under the recapture provision in the first year. The State is allowed to levy a statewide property tax to make up any deficiencies in revenues for the equalization program.

In addition, the State Legislature recognized the need to improve assessing procedures in the various counties by enacting a separate law which makes county assessors agents of the State.

Also see:

Alternative School Finance Programs for Montana, a research report submitted to the Montana Legislative Council. Helena, Montana. 1972.

NEBRASKA

LB 172 in Nebraska this year meant $20 million more in State school revenue than last. This sum of money was made available from Nebraska's revenue sharing entitlement. The same bill (LB172) set a two percent overall limitation in the growth of local operating expenditures. Also, a flat grant of approximately $31 per ADM has been made as a one-time addition to the School Foundation and Equalization Fund; it will add about $10 million to the Fund.

In a categorical program, LB 403 changed the State reimbursement ceiling to provide for State reimbursement at 90 percent of excess cost in special education programs.

In 1972 the Legislative Council Interim Committee on State Aid met to discuss school finance in Nebraska and the implications of recent court decisions. We have not yet seen a copy of their report.

NEVADA

There were no major legislative changes enacted in the school finance area. However, the method used to determine ADA was changed from the average amount of the highest three months to the ADA count at the end of the first month of the school year. In addition, the Nevada Legislature enacted a law which provides $14,500 as the basic support guarantee for each special education program unit in the State.

In 1973, Nevada approved a circuit-breaker program to provide a rebate to homeowners and renters 62 years and older which becomes operative when property taxes exceed 7 percent of income with a $5,000 income ceiling.

There are no formal studies underway in Nevada, however, the Nevada State Department of Education is charged by statute to make an ongoing study of public school finance.

NEW HAMSPHIRE

New Hampshire has increased its amount of school revenue by three percent over last years level. Many small adjustments to the State school laws were enacted in 1973. Perhaps one of the most significant was the provision for regional vocational education programs with an appropriation for their support (RSA 188-E).

NEW JERSEY

By its decision in Robinson v. Cahill, the New Jersey State Supreme Court rejected the present State financial arrangements for education and directed that a new State aid plan be enacted by November 1974. With a newly elected Governor about to take office the school finance situation is still far from being resolved.

However, New Jersey appropriations in 1973 were increased by $40 million to be distributed in accordance with the State School Incentive Equalization Aid Law. This sum raised the amount available to each school district to 66 2/3 percent of their maximum entitlement under this Aid Law.

Also see:

New Jersey Tax Policy Committee, Summary of the Report, submitted to Governor William T. Cahill. Trenton, New Jersey. February 1972.

NEW MEXICO

The Legislature passed the 1973 Public School Support Appropriations Bill which increased the State support level by $15.7 million over the 1972-73 amount. The total $170.8 million appropriation represents an increase of 10 percent with the major portion directed toward equalization.

Equalization money, which is a supplemental appropriation to the basic program, will total $17.5 million for 1973. This represents $7.6 million or 77 percent more than in 1972 and will raise the per pupil level from $117 to $153. 71 of the State's 88 districts will share the benefits of the increase.

Another area to receive an increase was program enrichment; this year's allocation was raised by $800,000 or 65 percent with significant portions earmarked for bilingual and early childhood education.

New Mexico has revised its circuit-breaker program. Presently, all persons earning up to $6,000 may receive an income tax credit or rebate based on all State-local taxes presumed to have been paid.

A comprehensive study effort is underway in New Mexico conducted by the Department of Finance Administration and the Department of Education.

Also see:

New Mexico Legislative School Study Committee, Report to the First Session of the Thirty-First Legislature. Santa Fe, New Mexico (329 State Capitol). January 1973.

NEW YORK

No major school finance reform legislation was enacted in New York in 1973. However, an additional appropriation of $100 million in State aid was made available to school districts under the State guaranteed ceiling of $860 per pupil. This increase represents a 2 1/2 percent raise in State aid going to the guaranteed ceiling program.

Also see:

League of Women Voters, Financing Education in New York State. New York, New York (817 Broadway). July 1972. $1.25

New York State Commission on the Quality, Cost and Financing of Elementary and Secondary Education (Fleischmann Commission), Final Report, 3 volumes. New York: Viking Press. 1972.

Joint Legislative Committee on Metropolitan and Regional Areas Study, Regionalism: Helping Schools Meet Children's Needs. Albany, New York. December 1972.

The University of the State of New York, The State Education Department, Major Recommendations of the Regents for Legislative Action in 1973. Albany, New York. November 1972.

The University of the State of New York, The State Education Department, Summary of Commission Reports, Volume I, II, III. Albany, New York. April 1972.

NORTH CAROLINA

Although not enacting a major school finance reform, North Carolina, nevertheless appropriated additional funds totaling approximately $130 million for public elementary and secondary education. This increase went largely for a five percent public school employee salary raise; implementation of conversion to calendar month payments to personnel; limiting class size by providing for additional instructional personnel.

Also see:

Institute of Government, University of North Carolina. Report on North Carolina School Finance: Response to Serrano - Rodriguez. Chapel Hill, North Carolina (P.O. Box 990). November 1972. $2.50.

Betsy Levin, Thomas Muller, and William Scanlon, Schools and Taxes in North Carolina. Washington, D.C.: The Urban Institute. January 1973. $1.95.

NORTH DAKOTA

With the passage of SB 2026 North Dakota more than doubled the Foundation Program appropriation for the next bienniem from $54 million to $118 million. This will increase the State's share of total operating costs from approximately 30 to 60 percent.

Aside from dollar increases SB 2026 contained major provisions for school district equalization and property tax relief. With a 15 mill equivalent chargeback on the per pupil Foundation Program guarantee for districts, the Act established a district equalization program in addition to the existing county equalization program. The district chargeback will, however, be made on the basis of unequalized property assessments. This provision will equalize an estimated $12.5 million in local revenues.

The bill also raised the State aid for transportation by increasing the allowance of .16¢ per bus mile to .23¢ and added sparsity weightings for high schools.

North Dakota also enacted a circuit-breaker for renters 65 and over with an income ceiling of $3,500.

Also see:

National Education Association, Committee on Educational Finance, To Strengthen North Dakota's School Finance. Bismark, North Dakota: North Dakota Education Association.

OHIO

Ohio increased the amount of State school support for the 1974-75 biennium by $260 million or 18 percent over the last biennial appropriation. Much of this amount will be going into the State aid program. The guaranteed program level will be raised from $600 per pupil in FY 1973, to $630 in FY 74, and $650 per pupil in FY 75. The local chargeback will likewise rise from 22.5 mills in FY 73 to 23.5 mills in FY 74, to 25 mills in FY 75. These changes are all described in Amended Substitute House Bill 86.

Also provided for in Am. Sub. HB 86 is an increase in the supplemental per pupil amounts qualified municipal districts will receive; from $25 in FY 73, to $32.50 in FY 74, and $42 in FY 75. In addition, State transportation support will increase from 34.2 percent to 46.2 percent in FY 75.

The Legislative Service Commission is just starting the Legislative Education Review Committee to study State school financing in Ohio.

OKLAHOMA

No major school finance reforms were enacted in 1973. However, the State increased the amount of its support by $19 million, or approximately 5 percent. This increase came from a 1972 tax revision surplus.

In addition, equalization was enhanced from a raise in the allowance for low valuation districts. The guaranteed program level was increased for elementary (from $260 per ADA to $265) and for secondary grades

(from $312 per ADA to $318). A new program for elementary counseling and prescriptive area centers for pupils with learning disabilities was begun with nine centers throughout Oklahoma.

OREGON

The Oregon Legislature approved a plan which would have sharply limited local property taxes for public schools. In a statewide referendum on May 1, 1973 Oregon voters decisively rejected the plan.

If approved, however, the amendment would have resulted in virtual full State funding with local districts permitted only a two mill levy in property taxes. The approximately $500 million raise locally at the present time would be replaced by new State taxes and increases in existing sources. Most notably, the State would have been authorized to levy a statewide property tax not to exceed 10 mills.

The distribution plan would have provided for substantial increases in State support for operating purposes. Each school district would receive a basic grant equal to $900 per weighted pupil (weighted by grade level) less that district's operating receipts from other levels of government. Districts would have their budgeted per pupil expenditures guaranteed at the 1972-73 level, with an inflation increase of six percent over the next two school years. Above the $900 level, local school district-approved expenditures between $900 and $1,200 would have been supported by a combination of equalized State and local spending.

Oregon took a significant step in 1973 when it raised the statewide ratio of assessed value to market value from 25 percent to almost 100 percent. This measure virtually achieved uniformity among county assessments.

Also see:

University of Oregon, School of Law, Restructuring School Finance. Corvallis, Oregon. April 1972. $6.50.

Legislative Interim Committee on Education, Report. Salem, Oregon: Oregon Legislative Assembly. October 1972.

PENNSYLVANIA

No major school finance changes were enacted by the Pennsylvania Legislature in 1973. Reported, however, was a newly enacted provision which allows for the prepayment of the State share of school district expenditures for special education.

Also see:

S.L. Sklar, Clifford D.J. Lawrence, Phillip J. Mulvihill, An Educational Finance Planning Model for Pennsylvania. Harrisburg, Pennsylvania: Department of Education. June 1972.

RHODE ISLAND

No school finance measures were enacted in Rhode Island in 1973. The State does have a School Finance Task Force within the Department of Education studying and developing comprehensive financial plans for public education. In addition, Rhode Island revised its local optional property tax relief program.

Also see:

Rhode Island Department of Education, Proposed Recommendations: Rhode Island Full State Funding Plan for Public Elementary and Secondary Education. Providence, Rhode Island. January 1973.

Rhode Island Department of Education, Rhode Island Full State Funding Plan: Analysis of Estimated Costs -- A Working Document. Providence, Rhode Island. February 1973.

SOUTH CAROLINA

There were no major chnages in the South Carolina school finance program in 1973. However, the 1973-74 appropriation provided an additional $30 million over the State funding level for 1972-73, or an increase of 12.4 percent.

The South Carolina property tax relief program was revised and offers homeowners 65 and over a reduction of $10,000 in assessed valuation regardless of income.

In January, 1973, the State Board of Education authorized a study by an Advisory Council on Equitable School Finance and charged it with recommending alternative methods of financing public education in South Carolina for consideration by the 1974 Legislature.

Also see:

Educational Finance and Governance Program of the Policy Institute for the South Carolina Community Relations Program of the Friends Service Committee, Financing Public Education in South Carolina: Problems and Prospects. Columbia, South Carolina: American Friends Service Commission (401 Columbia Building). October 1972.

SOUTH DAKOTA

No major school finance reforms were enacted in 1973. However, the State increased the amount of its support by $6 million, or approximately five percent. The $6 million increase was funded directly from South Dakota's revenue sharing entitlement.

In addition, the general support portion of South Dakota's aid program, which is a flat grant, was raised from $1,000 to $1,350 per classroom unit.

TENNESSEE

Tennessee increased the amount of State funds going to elementary and secondary education in 1973 by 14 percent. The areas which account for the major share of the increase are:

1) a new $5.5 million program for the handicapped;
2) an increase in the number of teaching positions for kindergarten classes;
3) 712 new teaching positions in grades 1-6 to reduce the pupil teacher ratio; and
4) a salary increase for teachers which averaged $450 per teacher.

There is presently a Tax Reform and Modernization Committee which will report to the Governor and Legislature in December 1973. Its charge, in part, was to recommend a new scheme for the financing of public education in Tennessee.

TEXAS

There was no major school finance legislation enacted in Texas in 1973. The automatic financing provisions of the Texas foundation program received a $90 million increase in 1973-74; bringing the total to $1.314 billion. It is estimated that it will reach $1.458 billion in 1974-75.

Much of this years increase will go into an average teacher salary increase of $600 in 1974-75. Also, within the foundation program, greater amounts will be available for special education and vocational education; the latter program was expanded into the Junior High Schools.

In addition, new State support will be forthcoming for bilingual education (within the foundation) and a new separate program for adult education.

There are many school finance study efforts underway in Texas.

Also see:

Texas Research League, Public School Finance Problems in Texas. Austin, Texas (P.O. Box 12456). June 1972. $3.00

Richard L. Hooker, Issues in School Finance: A Texas Primer. Austin, Texas: Texas Association of School Boards. August 1972.

UTAH

The Legislature appropriated a record $22.6 million increase ($216 million total) in State school funds and substantially strengthened the district power equalizing provisions contained in the Minimum School Finance Act. The State share of total public elementary and secondary school costs will increase to a level in excess of 70 percent.

SB 72 provides a guarantee to districts of $508 per pupil. The yield of a 28 mill district property tax is charged back against the guarantee with the provision that the districts must rebate to the State local revenue yields in excess of the guarantee from the required levy. A local leeway tax of 10 mills (voter authorized) is also equalized by the State, but to a lesser degree than the required tax.

On the distribution side, SB 72 allocated revenue on the basis of weighted pupils. An extensive system of weighting factors are provided for including regular students, small schools, 10 categories of handicapped education, etc.

Utah also revised its property tax relief program which directly reduced the property tax bill of indigent homeowners 65 years and over.

Also see:

Education Committee of the Utah Legislative Council, Utah School Finance Study. Salt Lake City, Utah. December 1972.

VERMONT

No major legislative changes have occurred in Vermont in the school finance area. The Kennedy Committee on School Finance purposed a bill to establish a State Board of Appraisal to make property tax appraisals more accurate and uniform. Although the bill did not pass, the Ways and Means Committee in Vermont is continuing work on it, and is planning to reintroduce the bill.

Vermont, a pioneer of property tax reform, enacted an extensive circuit-breaker in 1973 that grants relief to homeowners and renters regardless of age or income.

Also see:

Vermont Department of Education, 1972 Vermont State Aid. Montpelier, Vermont. 1972.

VIRGINIA

The 1973 General Assembly enacted an interim program supporting a Standards of Quality foundation cost of $628 per pupil. This is guaranteed on the basis of a required local minimum expenditure of $.80 per $100 of 1970 true value of taxable wealth. Essentially this means

that if the basic school fund aid, plus the local share, plus the $.80 local minimum property tax rate does not equal $628 per pupil in ADM the State will pay the difference from interim funds.

Also, Virginia's locally finance property tax relief program was revised in 1973.

Also see:

Task Force on Financing the Standards of Quality Education for Virginia Public Schools, Report to the Governor. Richmond, Virginia: State Department of Education. December 1972.

WASHINGTON

The Washington State Legislature approved a plan for a revision of the State and local tax system (HJR 37), which, if passed would have implemented substantial education finance reforms (HB 1128). On November 6, 1973 HJR 37 was resoundingly defeated; 77 percent to 23 percent.

Basically, HJR 37 would have replaced special school maintenance levies, eliminate the sales tax on food and prescription drugs, and reduce some business taxes. These reductions would have been replaced by a State net income tax on individuals and corporations.

With HB 1128, beginning in January 1975, local school districts would have had no local millage for current operations; the State would have been collecting the equivalent of 7.2 mills at the State equalized value. These revenues would have been used in support of the basic program of education to all districts. Also, included in HB 1128 was a grandfather clause to protect districts from any revenue loss. In addition, one of the provisions related to a five year phase-in period for districts which are below the State average to rise by 20 percent increments to the average through formula increases.

WEST VIRGINIA

In 1973, the West Virginia funding level for the basic school support program increased from $156 million to $181 million, or 16 percent. Much of this rise went for a five percent across-the-board teacher salary scale increase as well as for salary raises of other school personnel. Being brought under the State aid formula in 1973-74 is the funding for the early childhood education program.

In the categorical area State support for special education increased by $.5 million (rising to $2.5 million) and vocational education support went from $2 million to $4.5 million.

West Virginia moved in an important new direction in 1973 by establishing a system of Regional Educational Service Agencies and providing funding of $68,000 per region.

The 1973 Legislature enacted enabling legislation permitting the State to subsidize the local school building program. The State Board of Education administers the program with the county units submitting comprehensive facility plans. There is a $200 million total allocation for school facilities funding which is distributed on a formula basis.

WISCONSIN

With the passage of Senate Substitute Amendment 1 to Assembly Bill 300 the 1973 Wisconsin Legislature abruptly changed the financing of the public schools. The reform legislation established a two-tier system for State shared costs. The primary shared cost system (called primary aid) is the highest level of State aid and is computed on that part of a districts shared cost which does not exceed 110 percent of the previous year's statewide average shared cost for districts of like organization. Secondary shared costs (secondary aid) is that portion of the shared cost which exceeds 110 percent but at a lower level of support.

In addition, two sets of guaranteed valuations were created to provide for the two levels of shared costs--primary guaranteed valuation and secondary guaranteed valuation. Beginning with the 1974-75 school year district equalized valuations for the current year will be used in calculating their State support and in assessing their tax rate.

As part of the new program a chargeback is required from districts having an equalized valuation greater than the guaranteed valuation. However, no school district payments to the State shall be required prior to the 1976-77 school year.

The above is just a brief description of the many provisions of Sen. Sub. Am. 1 to AB 300.

Also see:

The Governor's Task Force on Educational Financing and Property Tax Reform, Final Report. Madison, Wisconsin. February 1973.

Wisconsin Legislative Council, Report to the 1973 Legislature on School Aids. Madison, Wisconsin. March 1973.

WYOMING

No major school finance reforms were enacted in 1973. However, the State increased the amount of its support by $2 million over the last appropriation.

Also, the rate at which local school revenue can be taxed for participation in the State program was raised from 9 to 10 mills. The tax levy at which local districts can qualify for supplemental aid was raised from seven to nine mills. Unified districts can levy up to 28 mills with voter approval; 23 without. In addition, the value of a classroom unit in the Wyoming foundation program calculation was raised from $12,000 in FY 73, to $14,600 in FY 74, and $14,800 in FY 75.

Wyoming also enacted a State financed property tax relief program which provides for a $1,000 exemption of assessed value to homeowners 65 and over with an income ceiling of $2,500 married and $2,000 single.